

SENATE FISCAL AGENCY
MEMORANDUM



DATE: April 12, 2023
TO: Members of the Senate Appropriations Committee
FROM: Cory Savino, Transfer Coordinator
RE: FY 2022-23 Legislative Transfer Request 2023-4

The Management and Budget Act (Public Act 431 of 1984) provides for two types of transfers: administrative and legislative. **Administrative transfers** allow adjustments for cost and price, certain fund sources, and for court judgments. Administrative transfers go into effect 30 days following the request unless rejected by the Senate or the House Appropriations Committee. **Legislative transfers** are transfers within departments that are more substantive than the cost and price variations that are allowed under administrative transfers. There are two kinds of legislative transfers: "standard" and "contingency fund". **Standard** legislative transfers shift line-item authorization between existing line items in a department to reflect changes in either expenditures or funding sources, and do not change the total appropriation for the department.

The second kind of legislative transfer is a **contingency fund** transfer which is authorized in the boilerplate of individual departments' annual appropriation bills. A contingency fund transfer moves authorization from the boilerplate section of an appropriation bill to the line-item section in Part 1 of the bill to recognize additional Federal, private, local, or State restricted revenue that has become available since the initial enactment of the budget. Contingency fund transfers increase the total appropriation for a department. The total amount of contingency fund transfers is capped in the boilerplate at a specific amount for each fund source, and the funds may not be spent until additional funds are available and have been transferred to a Part 1 line-item using the legislative transfer process created under Section 393(2) of the Management and Budget Act.

You should have received **Legislative Transfer Request 2023-4**, dated March 28, 2023, from the State Budget Office. The requested transfers will require approval of identical amounts by both the House and Senate Appropriations Committees before taking effect. The transfer request would affect the following budget area:

| <u>Department/Budget Area</u> | <u>Amount</u> | <u>Fiscal Analyst</u> |
|--------------------------------|----------------------|-----------------------|
| Labor and Economic Opportunity | \$120,300,000 | Michael Siracuse |
| Total | \$120,300,000 | |

If you have questions on this transfer package, please contact the fiscal analyst assigned to the budget area, or you may contact me at 373-2768 or CSavino@senate.michigan.gov

/nlf

Attachment

c: Scott Jones, Senate Appropriations Committee Clerk
David Ettinger, Senate Majority Staff
Tom Davis, Senate Republican Staff
Viola Wild, House Fiscal Agency



FY 2022-23 LEGISLATIVE TRANSFER PACKAGE

| Department/Budget Area | FY 2022-23 | | | | | Page Number |
|--------------------------------|----------------------------------|-----------------------------|--------------------------|-----------------------|--|-------------|
| | Year-to-Date Gross Appropriation | Contingency Transfer Amount | Standard Transfer Amount | Total Transfer Amount | | |
| Labor and Economic Opportunity | \$5,258,115,300 | \$120,300,000 | \$0 | \$120,300,000 | | 1 |
| Total | \$5,258,115,300 | \$120,300,000 | \$0 | \$120,300,000 | | |

FY 2022-23 CONTINGENCY TRANSFER FUND SOURCES

| Department/Budget Area | Inter-Departmental Grants | Federal | Local/Private | State Restricted | Total Contingency Transfer Amount | Percent Increase of Y-T-D Gross |
|------------------------|--------------------------------|-----------|---------------|----------------------|-----------------------------------|---------------------------------|
| | Labor and Economic Opportunity | \$0 | \$0 | \$0 | \$120,300,000 | \$120,300,000 |
| Total | \$0 | \$ | \$0 | \$120,300,000 | \$120,300,000 | 2.29% |

YTD as of March 16, 2023

State Budget Office Request 2023-4, March 28, 2023

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2023-4

BUDGET AREA: LABOR AND ECONOMIC OPPORTUNITY

FISCAL YEAR: 2022-23

| TRANSFER ITEMS | Y-T-D GROSS APPROP. | TRANSFER AMOUNT | | |
|----------------|------------------------|-----------------|---------------|--------------|
| | | GOV.'S REC. | SENATE ACTION | HOUSE ACTION |

TOTAL TRANSFER REQUEST: \$ 120,300,000

FROM: BOILERPLATE APPROPRIATIONS

| | | | |
|---------------------------------------|---------------|---------------|--|
| Contingency funds | 1,111,400,000 | (120,300,000) | |
| State restricted contingency revenues | 1,111,400,000 | (120,300,000) | |

TO: ONE-TIME APPROPRIATIONS

| | | | |
|--|-----|-------------|--|
| Michigan strategic site readiness program | 100 | 120,300,000 | |
| Strategic outreach and attraction reserve fund transfer to Michigan strategic fund | 100 | 120,300,000 | |

This transfer would provide \$120.3 million in State restricted contingency authorization to the Michigan Strategic Site Readiness Program (MSSRP) pursuant to Sec. 406 of PA 194 of 2022, Sec. 311 of PA 1 of 2023, and Sec. 702 of PA 5 of 2023. From the MSSRP, the funds would be available as a grant to the Marshall Area Economic Development Alliance in Calhoun County for land acquisition, site preparation, water and wastewater upgrades, and other public infrastructure improvements for the Ford Motor Company’s new electric vehicle (EV) battery manufacturing facility.

The Michigan Strategic Fund (MSF) Board approved performance-based incentives for this project on March 28, 2023. This MSSRP investment would support site readiness activities that are required for the development of BlueOval Battery Park, a project expected to secure up to \$3.5 billion investment in Michigan and 2,500 new jobs. A previous transfer request (letter 2023-2) for \$210.0 million was recommended for the Critical Industry Program to support the Ford Motor Company’s efforts to build the new 2.5 million square foot electric vehicle battery manufacturing facility.

Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), which currently has \$1,111,400,000 in available authorization in the current fiscal year from three appropriations acts: PA 194 of 2022, PA 1 of 2023, and PA 5 of 2023. There are pending transfer requests adding up to \$585.0 million in prior transfer letters. Transfer request letter 2023-1 requested \$435.0 million from SOAR for three MSF Board approved projects, one of which has been approved to date by the Legislature for \$60.0 million, and two are pending approval from the Senate Appropriations Committee. Transfer request letter 2023-2 requested \$210.0 million and is also pending with the Legislature. Factoring in pending transfers, there is \$526.4 million in the SOAR contingency authorization to support this request.